IN THE SPECIFICATION:

Please amend paragraphs 39, 40 and 47 as follows:

[0039] With reference to Figs. 1 and 2, a rotary cutting apparatus or drill in accordance with a first embodiment of the present invention is shown generally at 10. The drill 10 has a body 14 provided with a motor 12, a rotary shaft assembly 18 drivingly connected to an output shaft 12a of the motor 12 through a bevel gear 17a, a planetary gear speed reducer 17b, and ~~flat gear~~spur gears 17c, 17d, 17e, and a feed mechanism 20 for moving a cutting tool t (i.e., in the illustrated embodiment, an annular or cylindrical cutting tool having a circular cross-section) along an axis of the rotary shaft assembly 18.

[0040] As clearly shown in Fig. 2, the rotary shaft assembly 18 comprises a proximal rotary shaft 22 rotatably supported by the body 14 to be rotatable about the axis of the rotary shaft assembly and provided with the ~~flat gear~~spur gear 17e, an intermediate rotary shaft 24 telescopically connected to the proximal rotary shaft 22, a distal rotary shaft 26 telescopically connected to the intermediate rotary shaft 24, and a holding cylinder 28 for rotatably holding the distal rotary shaft 26 therein and movable along the axis of the rotary shaft assembly together with the distal rotary shaft 26. The proximal rotary shaft 22 has a plurality of splines formed on the outer surface thereof and extending along the axis of the proximal rotary shaft. The intermediate rotary shaft 24 is cylindrical and has a plurality of splines on the inner surface thereof which slidingly mate with the splines of the proximal rotary shaft. The intermediate rotary shaft 24 is axially movable relative to the proximal rotary shaft 22 between an extended position (shown in Fig. 2) and a retracted position (shown in Fig. 1). The distal rotary shaft 26 is cylindrical and has a plurality of splines on the inner surface thereof which slidably mate with a plurality of splines formed on the outer surface of the intermediate rotary shaft 24. The distal rotary shat is axially movable relative to the intermediate rotary shaft between an extended position (shown in Fig. 2) and a retracted position (shown in Fig. 1). The holding

cylinder 28 is supported by a guide cylinder 29 securely connected to the body 14 in such a manner that the holding cylinder 28 is prevented from being rotated about the axis thereof but is permitted to move along the axis. In Figs. 1 and 2, reference numeral 30 donates needle bearings positioned between the distal rotary shaft 26 and the holding cylinder 28, and reference numerals 26a, 26b donate rocking balls for locking the cutting tool t to the distal rotary shaft 26 and a sleeve for operating the locking ball 26a, respectively.

[0047] A distinguishable feature of the drill is that a rotary shaft assembly 18 comprises a proximal rotary shaft 22 and a distal rotary shaft 26 which is in a telescopic-spline-connection relationship with the proximal rotary shaft 22, without interposing any intermediate rotary shaft between the proximal and distal rotary shafts 22 and 26. Further, a ~~flat gear~~spur gear 17d of a gear train drivingly connecting an output shaft 12a of a motor 12 and the proximal rotary gear 22 has a longer axial length and the rotary shaft assembly 18 is movable as a whole along the axis thereof relative to a body 14 so that a ~~flat gear~~spur gear 17e fixed to the proximal rotary shaft 22 and engaged with the ~~flat gear~~spur gear 17g can be kept in engagement with the ~~flat gear~~spur gear 17g as the rotary shaft assembly is moved relative to the body. Therefore, during an operation, the proximal and distal rotary shafts 22 and 26 of the rotary shaft assembly 18 are always kept rotated in a cutting operation in which the rotary shaft assembly 18 is moved up and down.